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BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/18/07

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
FAX 387-5015
MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Bernice Volunteer Fire Department, Inc.
Bernice, Louisiana

We have audited the accompanying basic financial statements of the Bernice Volunteer Fire Department, Inc., as of December 31, 2006, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Bernice Volunteer Fire Department, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Bernice Volunteer Fire Department, as of December 31, 2006, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 15, 2007, on our consideration of the Fire Department's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in the assessing the results of our audit.

The Bernice Volunteer Fire Department has not presented management's discussion and analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Bernice Volunteer Fire Department. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

Marcus, Robinson & Hassell

MARCUS, ROBINSON AND HASSELL
Monroe, Louisiana
May 15, 2007

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

Statement A

ASSETS

Cash & Cash Equivalents	\$148,156
Investments	119,122
Capital Assets (net of accumulated depreciation)	<u>199,260</u>

<u>TOTAL ASSETS</u>	<u>\$466,538</u>
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LIABILITIES

Accounts Payable	<u>\$ 11,831</u>
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<u>TOTAL LIABILITIES</u>	<u>11,831</u>
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NET ASSETS

Investments in Capital Assets	199,260
Unrestricted	<u>255,447</u>

<u>TOTAL NET ASSETS</u>	<u>\$454,707</u>
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See Notes to Financial Statements

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Statement B

		<u>Program Revenues</u>		<u>Net (Expenses)</u>
	<u>Expenses</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Revenues and Changes in Net Assets</u>
<u>Functions/Programs:</u>				
Governmental Activities				
Public Safety	\$43,648	\$4,800	\$0	\$(38,848)
General Administrative	<u>6,459</u>	<u>0</u>	<u>0</u>	<u>\$ (6,459)</u>
<u>Total Program Expenses</u>	<u>\$50,107</u>	<u>\$4,800</u>	<u>\$0</u>	<u>(45,307)</u>
<u>General Revenues</u>				
Fire Insurance Tax				8,939
Donations				200
Interest				7,010
Dividends				2,673
Other Income				636
Net Increase in Fair Value of Investments				22,110
Insurance Proceeds				<u>21,345</u>
<u>Total General Revenues</u>				<u>62,913</u>
<u>Change in Net Assets</u>				17,606
<u>Net Assets, Beginning</u>				<u>437,101</u>
<u>Net Assets, Ending</u>				<u>\$454,707</u>

See Notes to Financial Statements

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS (FFS)

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2006

Statement C

<u>Assets</u>	<u>General Fund</u>
Cash and Cash Equivalents	\$148,156
Investments	<u>119,122</u>
<u>Total Assets</u>	<u>\$267,278</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts Payable	\$ 11,831
<u>Total Liabilities</u>	11,831
Fund Balance:	
Unreserved and Undesignated	<u>255,447</u>
<u>Total Fund Balance</u>	<u>255,447</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$267,278</u>

See Notes to Financial Statements

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

Statement D

Total Fund Balance at December 31, 2006 - Governmental Funds		\$255,447
Cost of Capital Assets at December 31, 2006	297,146	
Less: Accumulated Depreciation at December 31, 2006	<u>97,886</u>	<u>199,260</u>
Net Assets at December 31, 2006		<u>\$454,707</u>

See Notes to Financial Statements

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Statement E

	<u>General Fund</u>
<u>Revenues</u>	
Local Grant - Town of Bernice	\$ 4,800
Fire Insurance Tax	8,939
Donations	200
Interest	7,010
Dividends	2,673
Other Income	636
Net Increase in Fair Value of Investments	22,110
Insurance Proceeds	<u>21,345</u>
<u>Total Revenues</u>	67,713
<u>Expenditures</u>	
Public Safety	26,772
General Administrative	6,459
Capital Outlay	<u>130,783</u>
<u>Total Expenditures</u>	164,014
<u>Excess of Expenditures Over Revenues</u>	(96,301)
<u>Fund Balance - Beginning</u>	<u>351,748</u>
<u>Fund Balance - Ending</u>	<u>\$255,447</u>

See Notes to Financial Statements

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Statement F

Net Change in Fund Balance - Governmental Funds

\$(96,301)

Amounts reported for governmental activities in statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay

130,783

Less: Current Year Depreciation Expense

\$(16,876)

Change in Net Assets of Governmental Activities

\$ 17,606

See Notes to Financial Statements

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

INTRODUCTION

The Bernice Volunteer Fire Department, Inc. Was incorporated on February 19, 1990, under the provisions of R.S. 1950, Title 12, Chapter 2. The Bernice Volunteer Fire Department, Inc. operates as a non-profit corporation. The Bernice Volunteer Fire Department, Inc. provides the following services as authorized by its chapter: (1) to prevent and suppress fire and prevent the conflagration of property, (2) to conduct educational and informational programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification 2100, these financial statements include all funds and account groups which are controlled by the Bernice Volunteer Fire Department.

C. FUND ACCOUNTING

The Fire Department uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

The General Fund of the Fire Department is classified as a governmental fund and is the general operating fund of the Fire Department and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. General operating expenditures are paid from this fund.

D. MEASUREMENT FOCUS; BASIS OF ACCOUNTING

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type activities are included in the statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements represent increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. BUDGET PRACTICES

The Fire Department prepares and adopts, as a part of its application for a federal grant, a budget for their operations. The budget is established and controlled by the Fire Department at the object level of expenditure. Appropriations lapse at year end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the Fire Department. The Fire Department presents necessary budget amendments for approval to the grantor agency during the year when, in its judgment, actual operations are differing materially from those anticipated in the original budget.

F. CASH

For the purpose of these financial statements, the Bernice Volunteer Fire Department considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

Under state law, the Fire Department may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Fire Department may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. CAPITAL ASSETS

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives. The capitalization threshold is \$1,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings	40 Years
Equipment	10 Years
Trucks & Vehicles	5-15 Years

I. COMPENSATED ABSENCES, POSTRETIREMENT BENEFITS, AND PENSION PLAN

The Fire Department has no employees; therefore, the Fire Department has not established leave policies, does not pay postretirement benefits, and does not contribute to a pension plan.

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - CASH AND CASH EQUIVALENTS

For the purpose of these financial statements, the sheriff considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

Demand Deposits	\$ 13,224
Certificates of Deposits	<u>134,932</u>
	<u>\$148,156</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2006, the fire department has \$148,300 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$48,300 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the fire department that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2006 is as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Ending</u>
Land	\$ 9,048	\$ 0	\$0	\$ 9,048
Buildings	31,500	52,537	0	84,037
Equipment	89,315	31,687	0	121,002
Trucks & Vehicles	36,500	45,300	0	81,800
Office Equipment	<u>0</u>	<u>1,259</u>	<u>0</u>	<u>1,259</u>
<u>Total</u>	166,363	130,783	0	297,146
Less: Accumulated Depreciation				
Buildings	1,115	788	0	1,903
Equipment	53,315	11,481	0	64,796
Trucks & Vehicles	26,580	4,544	0	31,124
Office Equipment	<u>0</u>	<u>63</u>	<u>0</u>	<u>63</u>
<u>Total</u>	<u>81,010</u>	<u>16,876</u>	<u>0</u>	<u>97,886</u>
<u>Capital Assets, Net</u>	<u>\$ 85,353</u>	<u>\$113,907</u>	<u>\$0</u>	<u>\$199,260</u>

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 4 - COMPENSATION - DIRECTORS

There was no compensation paid to any directors during the year.

NOTE 5 - LITIGATIONS AND CLAIMS

At December 31, 2006, the Fire Department was not involved in any litigation nor are they aware of any unasserted claims.

NOTE 6 - INVESTMENTS

Value at the time of donation and change in fair value of investments is as follows:

	Value At <u>Donation</u>	Fair Value <u>12-31-05</u>	Fair Value <u>12-31-06</u>	Change in Fair Value
10 Shares Dominicon Resources	\$ 472	\$ 772	\$ 838	\$ 66
2200 Shares Pfizer	10,863	51,304	56,980	5,676
800 Shares Exxon/Mobile	<u>8,775</u>	<u>44,936</u>	<u>61,304</u>	<u>16,368</u>
	<u>\$20,110</u>	<u>\$97,012</u>	<u>\$119,122</u>	<u>\$22,110</u>

NOTE 7 - FEDERAL FINANCIAL ASSISTANCE

The Fire Department received no federal financial assistance for the year ended December 31, 2006.

REQUIRED SUPPLEMENTAL INFORMATION

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Local Grant - Town of Bernice	\$ 4,800	\$ 4,800	\$ 4,800	\$ 0
Fire Insurance Tax	8,000	8,000	8,939	939
Donations	1,000	1,000	200	(800)
Interest	15,000	15,000	7,010	(7,990)
Dividends	1,000	1,000	2,673	1,673
Other Income	0	0	636	636
Net Increase in Fair Value of Investments	0	0	22,110	22,110
Insurance Proceeds	0	0	21,345	21,345
<u>Total Revenues</u>	<u>29,800</u>	<u>29,800</u>	<u>67,713</u>	<u>37,913</u>
<u>Expenditures</u>				
Public Safety	13,700	13,700	26,772	(13,072)
General Administrative	7,150	7,150	6,459	691
Capital Outlay	130,000	130,000	130,783	(783)
<u>Total Expenditures</u>	<u>150,850</u>	<u>150,850</u>	<u>164,014</u>	<u>(13,164)</u>
<u>Excess of Revenues Over Expenditures</u>	<u>(121,050)</u>	<u>(121,050)</u>	<u>(96,301)</u>	<u>24,749</u>
<u>Fund Balance, Beginning</u>	<u>351,748</u>	<u>351,748</u>	<u>351,748</u>	<u>0</u>
<u>Fund Balance, Ending</u>	<u>\$230,698</u>	<u>\$230,698</u>	<u>\$255,447</u>	<u>\$24,749</u>

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report Required by Government Auditing Standards

The following independent auditor's report on compliance with laws, regulations and contracts, and internal control over financial reporting are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditors.

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 2896
TELEPHONE 322-8106
FAX 387-5015
MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
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MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Bernice Volunteer Fire Department, Inc.
Bernice, Louisiana

We have audited the financial statements of the Bernice Volunteer Fire Department, Inc., as of and for the year ended December 31, 2006, and have issued our report thereon dated May 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fire Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire Department's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses (Item 2006-1) to be a significant deficiencies in internal control over financial reporting.

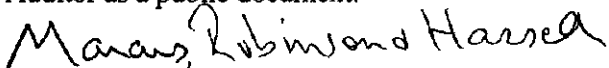
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance

As part of obtaining reasonable assurance about whether the Bernice Volunteer Fire Department, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management, and use of the Board of Directors, the Town of Bernice and the Legislative Auditor of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.



Marcus, Robinson and Hassell
May 15, 2007

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006

PART I - Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

☐ yes ☒ no

Reportable conditions identified that are not
considered to be material weaknesses

☒ yes ☐ no

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Not Applicable

PART II - Financial Statement Findings

2006-1 - Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.

Recommendation: No action is recommended.

Management's response and planned corrective action: We concur in the finding, but it is not economically feasible for corrective action to be taken.

PART III - Federal Award Findings and Questioned Costs

Not Applicable

BERNICE VOLUNTEER FIRE DEPARTMENT, INC.
BERNICE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2006

There were no audit findings reported in the audit for the year ended December 31, 2005.